



NATIONAL CATTLEMEN'S BEEF ASSOCIATION

1301 Pennsylvania Ave., NW, Suite #300 • Washington, DC 20004 • 202-347-0228 • Fax 202-638-0607

March 31, 2005

Dear Member of Congress:

The National Cattlemen's Beef Association (NCBA) strongly supports the U.S. – Central America – Dominican Republic Free Trade Agreement (CAFTA-DR) because the agreement will benefit U.S. beef producers. We encourage your support for CAFTA-DR.

The Benefits of CAFTA-DR for Cattlemen

Currently, beef trade with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic is one-way in favor of these countries. As a result of previous agreements the CAFTA-DR countries enjoy duty-free access to our market for their beef products, yet we still face trade prohibitive tariffs as high as 40 percent for our exports to the region. However, this agreement will provide immediate duty-free, quota-free access for high-quality U.S. beef destined for the hotel and restaurant industry, in addition to the eventual elimination of all tariffs by the end of the 15 year implementation period. All tariffs going to zero in a trade agreement is a strong precedent to set.

After the discovery of bovine spongiform encephalopathy (BSE) in December 2003 and the subsequent closure of our export markets, our industry especially welcomes any opportunity to expand the export of our products. All of the CAFTA-DR markets are now reopened to U.S. products, and this agreement will provide immediate expanded access for U.S. exports on day one of implementation. In fact, NCBA's analysis of the agreement suggests that the U.S. could *triple* our beef and beef variety meat exports to the region by 2015.

Trade is Good For Cattlemen

For decades, U.S. cattle ranchers have been active supporters of international trade initiatives and are dedicated to increasing market access opportunities for our products. Cattlemen understand now more than ever the benefits of trade – we know that the closure of our export markets in 2003 cost cattlemen \$175/head.

Historically, the U.S. has been the world's largest beef importer and second largest beef exporter. In 2003, the U.S. imported \$2.62 billion in beef and variety meats and exported a record \$3.86 billion in beef and beef variety meats. When it comes to trade, we export those products which receive a premium in the international marketplace, and import products which help satisfy domestic demand for beef and complement our production. In 2003, the average per pound value of U.S. beef exports was \$1.66 while the average per pound value of our imports was \$1.21. Due to the unique position of our industry as importer and exporter, NCBA must consider balance, equity, and fairness of proposed trade initiatives to assure that any agreement provides net increase in access for U.S. beef. CAFTA-DR does just that. In fact, this agreement

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will help rebalance the uneven trade which occurs between the U.S. and these important trading partners.

NCBA cattle producers from across the nation know this is an excellent deal for the U.S. beef industry. It levels the playing field by reducing trade prohibitive barriers to trade. Passage of this agreement will also send a positive signal to our other trading partners around the world that the U.S. is serious about negotiating meaningful trade agreements. We can demonstrate our support for these young democracies that the U.S. helped establish, and show our commitment to helping them and others to grow their economies through international trade. **U.S. cattlemen look forward to the consideration and passage of the CAFTA-DR agreement and strongly urge Congress' support.** Thank you for your consideration of this important issue.

Sincerely,

A handwritten signature in black ink that reads "Jim McAdams". The signature is written in a cursive, flowing style.

Jim McAdams
U.S. cattle producer from Adkins, Texas
NCBA President

For more information about the beef provisions of CAFTA-DR, and NCBA's economic analysis, please visit <http://hill.beef.org/cafta>